

**IN THE UNITED STATES  
BANKRUPTCY COURT FOR THE  
NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION**

**In re:**

**JEFFERSON COUNTY, ALABAMA,  
a political subdivision of the State of  
Alabama,**

**Debtor.**

)  
)  
)  
)  
)  
)  
)

**Case No. 11-05736-TBB**

**Chapter 9**

**DECLARATION OF GEORGE BOWMAN  
COMMISSIONER DISTRICT 1, JEFFERSON COUNTY, ALABAMA**

**CHAPTER 9 PLAN OF ADJUSTMENT FOR JEFFERSON COUNTY,  
ALABAMA (DATED June 30, 2013)**

George Bowman, pursuant to 28 U.S.C. § 1746, declares as follows:

1. I am the duly elected Commissioner of district One, of Jefferson County Alabama
2. I have been the Commissioner of this District for 4 years.
3. In August 2008, I travelled to New York and met with representatives of the Indenture Trustee, Standby Credit Banks and other Holders of the Jefferson County sewer warrants issued under the 1997 Indenture.
4. This meeting ended with a Plan of Refinancing of the Sewer Warrants that died after the required State legislation did not pass.

5. In November 2011, I brought to the Commission a presentation attached as Exhibit 1 which recommended a write down of the principal amount of the Warrants and a restructuring that did not involve any rate increases.
6. July 19, 2011, I presented the following to the commission the attached copies of all Bowman presentations. See Exhibits 1 and 2.
7. The commission on November 9, 2011 embarked upon a bankruptcy filing that I voted against. This filing has resulted in a plan of adjustment that requires total sewer rates to increase from \$140 million to \$615 million in 40 years with a total cost of \$14.3 billion dollars.
8. Approval of this plan has cost the county over \$25 Million in legal fees conservatively (see exhibit 3 plus the legal fees of the Indenture trustee which are in excess of \$2 million and professional fees of the receiver and others which I am informed is a roughly equal amount. All of these fees are paid by the ratepayers of Jefferson County. This Plan will have a disastrous impact on District 1
9. This Plan will have a disparate impact on the two poorest districts in the County.
10. Within these two districts are the majority sewer rate payers and they are primarily poor and black.
11. Only forty percent of the County pays sewer rate and eighty percent of that is poor and black.
12. Under the newly constructed sewer rate plan, rates increase to the financial detriment of the community taking anywhere from 12 percent to 25 percent of the income of individuals with fixed income.
13. This devastating impact will reverberate throughout the County potentially causing the economic collapse of Jefferson County.
14. This new plan decreases the potential of accumulated family wealth.
15. Decreases the potential to sell homes.
16. Decreases property values.
17. Two billion dollars of the Jefferson County Sewer Debt is tied to criminal activity.
18. The residents of our community have seen their monthly sewer bills quadrupled in the past 15 years.
19. See exhibit 4, articles from The Birmingham News agreeing with my position.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 29, 2013, at Birmingham, Alabama

/s/ George Bowman

George Bowman

# EXHIBIT

# 1

# **Commissioner Bowman Suggested Terms of Settlement and Refinancing**

July 19, 2011

1. Complete refinancing of all Jefferson County variable rate debt at fixed rates, coupled with approved legislation restoring investment grade rating to County of BBB S&P and Baa-1 Moody's.

a. Refinancing of \$3 billion of Sewer Debt on the following basis<sup>1</sup>:

Sources Of Funds	
Par Amount of Bonds	\$2,183,885,000.00
Reoffering Premium	19,795,040.45
Repayment of Accounting Loss	368,000,000.00
Repayment of Excess Interest <sup>1</sup>	600,000,000.00
Repayment of Principal Markup	372,000,000.00
Repayment of SWAP Markup	178,000,000.00
<b>Total Sources</b>	<b>\$3,721,680,040.45</b>
Uses Of Funds	
Total Underwriter's Discount (0.200%)	4,367,770.00
Costs of Issuance	2,183,885.00
Deposit to Debt Service Reserve Fund (DSRF)	197,125,095.24
Deposit to Current Refunding Escrow Fund	3,047,000,000.00
Deposit to Indigent Relief Fund	235,501,645.11
Deposit to Customer Rebate Fund	235,501,645.11
<b>Total Uses</b>	<b>\$3,721,680,040.45</b>

<sup>1</sup> Resulting from issuance of auction and variable rate bonds in violation of additional bonds test in Article X of Trust agreement and in "aid of" private unfair profits

b. The Grigsby refinancing plan presented in April reduces issuance cost from \$10.73 million to \$4.367 million (See Exhibit A)

<sup>1</sup> All numbers are subject to economic and accounting review

2. Obtain State Legislation to Extend the 1% school bond sales tax for 40 years with the right to use the excess after payment of school bonds for general fund purposes.
  - a. Refund School bonds after entire County refinancing plan presented to and approved by rating agencies wit investment grade rating
  - b. This will produce roughly \$35 million into general fund
3. Obtain State legislation for  $\frac{1}{4}$  of 1% Occupational Tax producing roughly \$35-40 million to general fund.

4. Following drafting of legislation and approval by governor and local delegation, meet with rating agencies and secure changes that will produce investment grade rating on sewer and school bond refinancings.
5. Once investment grade ratings are secured on plan have plan approved by legislature.
6. This plan eliminates the need to transfer of sewer system which serves the public out of public hands controlled by County commissioners who have to stand for voter approval, into hands of private GUSC board that have no accountability to ratepaying voting public.

# EXHIBIT

# 2



# JEFFERSON COUNTY COMMISSION



BETTYE FINE COLLINS - PRESIDENT  
GEORGE F. BOWMAN  
JIM CARNS  
BOBBY HUMPHRIES  
SHELIA SMOOT

## GEORGE F. BOWMAN

Major General (Ret)  
COMMISSIONER OF DEPARTMENT OF  
HEALTH AND HUMAN SERVICES  
Suite 240  
716 Richard Arrington, Jr. Blvd. N.  
Birmingham, Alabama 35203  
Telephone (205) 325-5504  
FAX (205) 325-5950

United States Department of Justice  
The Honorable Attorney General Eric Holder  
U.S. Department of Justice  
900 Pennsylvania Ave, NW  
Washington, D.C. 20530-001

October 20, 2010

Re: Jefferson County, AL  
Bond Indebtedness

Dear Mr. Holder:

Jefferson County, Alabama is currently in a disastrous financial crisis; this is a direct result of bad financial advice and public official corruption.

I am writing to you today, seeking help for Jefferson County citizens in Jefferson County Districts 1 and 2. I ask that you participate in finding a remedy for this financial situation, as it is directly having a disparate impact within the poor and the black communities, who are the majority in this sewer debacle.

We were informed by consultants, hired by the Commission President that only forty percent of the county's residents actually pay sewer bills and that eighty percent of that number are poor and black. We were further informed that sewer rates will continue to increase, estimating that each tax payer living below the federally established poverty level will be required to pay approximately twelve to fifteen percent of their yearly net income over the next forty plus years to cure this sewer debt crisis. The negative impact of these rates will reverberate throughout the local economy potentially causing the economic collapse of Jefferson County and untold suffering for those who can least afford it; this includes loss of possible accumulated family wealth and decrease in property values.

To make matters worse; approximately two billion dollars of the County's debt is tied to criminal activity by elected officials, bankers, contractors and lawyers.

The Jefferson County Commission is composed of five districts, each represented by an elected Commissioner, these Justice Department approved districts consist of three predominantly white and two predominantly poor and black districts. These poor and black districts are populated by eighty percent of the sewer customers and rate payers.

Attached you will find a timeline supporting these statements.

With this letter we ask for your immediate attention and whatever actions within your power to correct this wrong and protect the affected communities in Jefferson County.

Sincerely,

A handwritten signature in cursive script that reads "George F. Bowman".

Major General (Ret.) George Bowman  
Jefferson County Commissioner, District 1

Enclosure  
yc